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FCHS FINANCIAL AID NEWSLETTER

Articles:

- FINANCIAL AID OPTIONS:
  - GRANTS
  - LOANS
  - TAX CREDITS

Coming in the Next issue:

Loan Forgiveness Programs

Work Programs

More Scholarship Information

What financial aid options are available ?

When it comes to paying for college, financial aid options consist of grants, loans, scholarships, and employment. The cost of attendance at colleges and universities continues to go up two or three times as fast as the consumer price index. Student and parents owe it to themselves to become knowledgeable in the vocabulary of financial aid. In this edition of the FCHS Financial Aid Newsletter we will detail grants, particularly the most common grant available to many students - the Pell Grant. We will also discuss loans and tax credits.

GRANTS

Grant programs are one of the most attractive forms of financial aid because they are essentially a scholarship from the government that does not have to be paid back. The federally funded, need-based, **Pell Grant** is one of the single largest sources of financial aid in the United States. Last year, over $18 billion was handed out to 5.5 million college students. The Pell Grant gets paid directly to the student, not the college.

For the 2013-2014 academic year, the maximum Pell Grant award is $5,645 a year and will probably be about the same next year. The first eligibility requirement for the Pell Grant is financial need. Two key federal government financial aid terms are used to decide who is eligible. The first term is the Estimated Family Contribution (EFC). Parents must complete the FAFSA (remember that the FAFSA is completed after January 1 of the student's senior year) to be eligible for any type of federal financial aid. All the financial information supplied by the parents on the FAFSA is put through a standard formula that generates the EFC. The EFC is simply the amount of cash that a family is expected to contribute each year toward the student's education. Most students who received the Pell Grant last year had household incomes less than $50,000 a year. However, the amount a family can make and still be eligible for the Pell depends upon how the family has to spend their money. Families with incomes of over $50,000 can receive need-based financial aid in certain circumstances. The number of dependents and the number of family members in college, for example, will decrease a family's Expected Family Contribution (EFC). Like paying taxes, the more expenditures a family *must* make improves the bottom line.

A second key term is the Cost of Attendance (COA). Each college and university sets its COA, and that figure can usually be found on the school's website or can be provided by the school's Financial Aid Office. According to the University of Georgia website, for example, their COA for the current academic year is $21,250 for in-state students. That amount covers just about everything - tuition and fees, books and supplies, room and board, transportation, and living expenses. That amount is their best estimate of what it will cost a student to go there for one year.

While the maximum Pell Grant award is $5,645 annually, full-time students can be awarded as little as $550 a year.

Another federally funded grant is the Supplemental Education Opportunity Grant (SEOG). SEOGs go to students with the greatest financial need who project a very low EFC. The maximum SEOG is $4,000 per student and is given in addition to the Pell Grant. Unlike the Pell Grant, the SEOG will go directly to the school and applied toward the student's bill. In recent years, this program has experienced less funding resulting in fewer grant awards. Consequently, they go to only the very neediest students. Apply early for these funds.

The National Science and Mathematics Access to Retain Talent (SMART) Grant can award an additional $4,000 to students who are eligible for the Pell Grant. Students can receive this in their junior and senior years of college if they maintain a 3.0 GPA and are enrolled in an eligible degree program in one of the following subject areas: Science, Math, Engineering, Computer Science, Foreign Languages, or Technology. Students eligible for the SMART grants are automatically notified by their college's financial aid office after completing their FAFSA forms.

If you go to college to become a teacher consider the TEACH Grant. TEACH Grants are not need-based and are for students who agree to teach full-time in a high-need field, or in schools that serve low-income students for at least four years after graduation. This grant will provide the student up to $4,000 a year. If the student decides not to teach, or not to teach the targeted population, the grant reverts to a low-interest loan.

IF YOU HAVE ANY QUESTIONS OR CONCERNS PLEASE CONTACT:

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FINANCIAL AID MEETING

Franklin County High School will host a **Financial Aid Meeting** on **Tuesday, October 8, 2013 at 6:30 p.m. in the Auditorium**. **Marcus Hilliard, Georgia Student Finance Representative,** will be here to answer any questions you may have about the financial aid process including the HOPE Scholarship and Grant and the FAFSA (Free Application for Federal Student Aid). All parents of **Juniors** and **Seniors** are encouraged to attend this meeting

IMPORTANT NOTICE ! !

Due to limited space in the newsletter don't forget to visit FCHS website @ (www.franklin.k12.ga.us) for electronic copies of:
Financial Aid Newsletter
Senior & Junior PAWS Lessons
Scholarship Information
Senior Seminars
Also, click on the Class of 2014 icon for other important information for Seniors ! ! !

LOANS

Student loans can be another valuable source for paying for college. Loans can be good or bad, depending on how they are used. Federally provided student loans are easy to get – and that can be a problem. Some students take out unnecessary loans, do not live frugally during the college years, and wind up with major debts. When used wisely, however, loans can make a positive difference.

A report by the Project on Student Debt found that Georgia's class of 2010 college graduates owed an average of nearly $19,000 in loans. And it is the student's debt in most cases, not the parents'. For the two most common federally provided student loans, it is the student who is on the hook for repaying the loans.

When it comes to taking out student loans, students should understand the difference between subsidized and unsubsidized loans. When a federal student loan is subsidized, the government pays the interest on the loan during the college years as well as providing a lower interest rate over the life of the loan.

By contrast, unsubsidized loans usually have higher rates which are applied immediately. The difference between repaying an unsubsidized loan versus a subsidized loan can amount to a lot of money.

Once the FAFSA form is completed, students have officially applied for all sorts of federal loans. While completing the FAFSA as close to January 1 as possible is encouraged, the deadline for federal aid is June 1. Most colleges will require an earlier FAFSA submittal.

Federal Stafford loans have become the main source of aid for most students' financial aid packages. Stafford loans can be subsidized or unsubsidized, depending on the student's demonstrated financial need. In other words, students who do not qualify for the Pell Grant can still get a Stafford loan, it is just not subsidized. A student can borrow up to $5,500 for the freshman year, with no more than $3,500 of the loan amount being subsidized. Students who do not qualify for subsidized loans can borrow up to $5,500 in unsubsidized Stafford funds. The amount of time students have to repay a loan can vary, but the term is usually ten years after graduation.

The other major federal student loan program is the Perkins Loan Program. Perkins loans go to students who demonstrate a high level of need, and all Perkins loans are subsidized. Perkins are considered the cheapest of the federal student loans and currently have an interest rate of 5 percent. Like we said earlier, a subsidized loan means that the government pays the interest on the loan while the student is still in college.

Aside from the Stafford and Perkins loans, some students may be eligible for the Student Access Loan which is funded by the Georgia Student Finance Commission. Details for application are on the GA College 411 website. This loan program is designed to fill financial holes for those who have exhausted other sources. The loan carries a one percent interest rate. The maximum annual loan amount is $10,000 and repayment is ten years after graduation. One other important point – the debt would be forgiven for those who teach math, science, technology or engineering in Georgia public schools.

TAX CREDITS

Under the American Opportunity Tax Credit (AOTC) parents may earn a federal tax credit for up to $2,500 a year for each college student on qualified out-of-pocket expenses. Because this is a tax credit and not a deduction, the parent may be able to subtract the amount in full, dollar for dollar, from the federal income tax owed.

The AOTC has temporarily replaced the federal Hope tax credit (not to be confused with Georgia's Hope Scholarship). The AOTC's renewal through the 2013 tax year is still pending. The AOTC includes more families than the previous Hope tax credit. Eligibility for simple households requires an adjusted gross income of less than $80,000. For joint filing households the adjusted gross income has to be less than $160,000. It is likely that the AOTC will be renewed, but if it is not, the old Hope tax credit will once again become available.

SCHOLARSHIPS

Don't forget to visit the high school website: (www.franklin.k12.ga.us) Click on Guidance, then click on Scholarship Information for more scholarship opportunities.

The Coca-Cola Scholars Foundation – approximately $3 million per year awarded to 250 students nationally. Apply online at www.coca-colascholars.org. October 31 deadline.

National Center for Women & Information Technology – NCWIT Award for Aspirations in Computing at www.aspirationsaward.org. Application open September 15 – October 31, 2013. For females only. Must be resident of the USA; demonstrated outstanding aptitude and interest in IT/computing; GPA of 3.0 or higher. $500 award.